



HYDROGEN
ENERGY

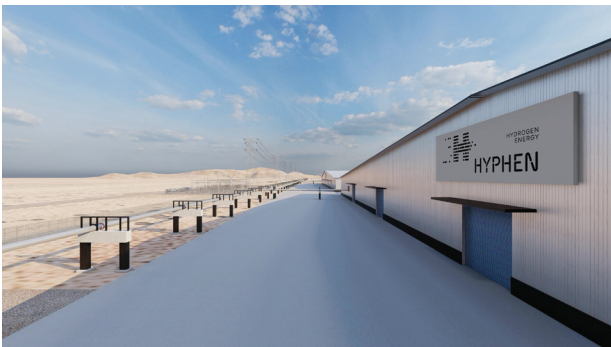
HYPHEN

Government of the Republic of Namibia
and Hyphen Hydrogen Energy

Feasibility and Implementation Agreement

What is the Feasibility and Implementation Agreement?

The pioneering Feasibility and Implementation Agreement (FIA) that the Government of the Republic of Namibia (GRN) and Hyphen have agreed to sign governs the process for the development, implementation and operation of **Namibia's first green hydrogen project.**



- ✓ GRN and Hyphen believe that the FIA will set a new global benchmark, creating a template for the sustainable and equitable development of other green hydrogen projects.
- ✓ GRN has the opportunity to be a co-investor in the project with the right to take up to a 24% equity interest at cost. Thanks to its partnership with the European Union and the Global Gateway Initiative, Namibia has mobilised donor and concessional funding from Invest International and the European Investment Bank in excess of EUR540 million/ NAD 11,167 million to finance the development of the green hydrogen industry and to fund its equity participation in the project.
- ✓ Under the FIA:
 - GRN is responsible for ensuring that Namibia is equipped with the necessary legal, fiscal and regulatory environment to enable the implementation of the project.
 - Hyphen is responsible for the technical, financial, environmental, social and commercial delivery of the project which, if finally approved by GRN, will then be implemented by Hyphen.

Progression to conclusion of the FIA

The process that GRN has run to arrive at the appointment of Hyphen as the preferred bidder to develop the project is documented in detail in the GRN publication **“Traction – Namibia’s Green Hydrogen Overview”**.



2027 Targeting annual production of one million tonnes of green ammonia by the end of 2027.

2029 Targeting annual production of two million tonnes of green ammonia by the end of 2029.

Process under the FIA for the development of the project

- ✓ The FIA sets out the process under which the project will be developed and the roles and responsibilities of each of GRN and Hyphen.
- ✓ Hyphen's principal task under the FIA is to investigate the feasibility of developing the project, and if feasible and approved by GRN, to then proceed with the implementation of the project.
- ✓ The FIA is broadly split in five sequential phases, summarised below, and each phase can only commence if the previous phase has successfully been completed and approved by GRN.

1 Preliminary Phase

Covers the period from the signature of the FIA until the date on which both the GRN and Hyphen are satisfied that all conditions for the FIA to become "effective" are met. It is envisaged that this phase will last up to six months.

It is during this preliminary phase that the GRN can choose whether or not to exercise its option to acquire up to 24% of Hyphen's share capital.

2 Feasibility Phase

Period in which Hyphen is tasked with assessing the technical, financial, environmental, social and commercial viability of undertaking the project, including the potential establishment of common user infrastructure.

Socio-economic development targets will also be assessed and agreed to ensure that this project benefits all of Namibia through training, education, job opportunities and localisation.

- During this period Hyphen will pay land rentals to GRN totalling EUR12.12 million.
- It is Hyphen's responsibility to fund these feasibility activities.
- At the issue of the feasibility phase, Hyphen is to produce a comprehensive feasibility report setting out its proposed project design and commercial structure, for the GRN's consideration.
- GRN is responsible for providing the land on which the project will be established and developing and implementing the required legal, fiscal and regulatory environment necessary for the establishment and sustainable operation of Namibia's green hydrogen industry.

3 Validation Phase

GRN is required to consider whether to validate the project or not against certain pre-agreed conditions as contained in Hyphen's bid per the RFP.

4 Financing and Construction Phase

Upon project validation, Hyphen is responsible for:

- Raising the necessary finance for the project.
- Constructing the project.
- Complying with the agreed socio-economic development targets applicable during construction.
- Paying land rentals to GRN equivalent to EUR10 million per year (increasing at 2% per annum).

5 Operational Phase

Upon commissioning of the project, Hyphen will be responsible for:

- The maintenance and operation of the project.
- Complying with the agreed socio-economic development targets applicable during operation.
- Paying land rentals and environmental levies to GRN equivalent to EUR26 million per annum (increasing at 2% per annum).
- Paying royalties equivalent to 5% of gross revenues.
- Paying corporate income tax and other Namibian taxes in accordance with the requirements put in place by GRN for the wider green hydrogen industry.

For more information please visit our website

www.hyphenafrika.com